

FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554

FILE

JUN 02 2003

OFFICE OF  
MANAGING DIRECTOR

Micheal L. Parker  
President, DESERT 31 TELEVISION, INC.  
22720 S.E. 410<sup>th</sup> Street  
Enumclaw, Washington 98022

Re: Request for Waiver of FY 2001 Reg. Fee  
Fee Control No. 00000RROG-03-078

Dear Mr. Parker:

This is in response to your letter dated January 28, 2003, in which you supplement your earlier request for waiver of FY 2001 regulatory fees with information about the financial condition of Desert 31 Television, Inc. (Desert 31) for FY 2001. Specifically, you provide financial statements prepared by your accounting firm which show that as of September 30, 2001, the company had a retained deficit of \$523,616 and a net loss of \$234,786. The submission also shows that the deductions for depreciation totaled \$3,664 in FY 2001. You also state that you were the sole shareholder, officer, and director of Desert 31 during this period, that you did not receive a salary or expense reimbursements, and that you provided funding for the station's operations.

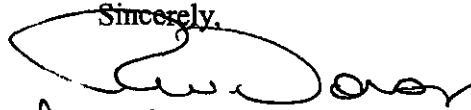
As we have stated previously, in establishing its regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. Thus, the Commission decided to grant waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." Implementation of Section 9 of the Communications Act, 9 FCC Rcd 5333, 5346 (1994), reconsideration granted, 10 FCC Rcd 12759 (1995).

In determining whether a licensee has sufficient revenues to pay its regulatory fees, the Commission relies upon a licensee's cash flow, as opposed to the entity's profits. Thus, although deductions for amortization and depreciation, which do not affect cash flow, and payments to principals, reduce gross income for tax purposes, those deductions also represent money which is considered to be available to pay the regulatory fee.

The documents you provide establish that Desert 31 Television had a net loss of \$234,786 in FY 2001. No salaries were paid to officers. Depreciation expenses were \$3,664. During 2001, the station had no income, and the funding of the station's operations came from the sole stockholder.

The documents establish that Desert 31 had financial losses and a negative cash flow in FY 2001. Under these circumstances, Desert 31 has established a pattern of financial losses constituting a compelling case of financial hardship and meriting a waiver of the FY 2001 regulatory fees. Accordingly, we grant your request for waiver of the FY 2001 regulatory fees. If you have any questions concerning this matter, please contact the Revenue & Receivables Operations Group at (202) 418-1995.

Sincerely,



Mark A. Reger  
Chief Financial Officer

## Tom Putnam

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From: Elizabeth Lyle  
Sent: Tuesday, May 13, 2003 8:39 AM  
To: Tom Putnam  
Subject: Re: Please review 'regfeewaiverdesert31two'



TEXT.htm (1 KB)

Good catch. I would phrase it slightly differently to avoid having a "run-on" sentence. Strike your new language and put a period at the end of the sentence ending "meriting a waiver of the FY 2001 regulatory fees. Then add, "Accordingly, we grant your request for waiver of the FY 2001 regulatory fees."

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Privileged and Confidential  
Attorney Work Product of Elizabeth Lyle

>>> Tom Putnam 05/12/03 03:42PM >>>  
Please review the attached document.

I inserted text saying "granted" & updated the fee control number

Tom Putnam  
418-2992  
\*\*\* Non-Public: For Internal Use Only \*\*\*

Micheal L. Parker  
President, DESERT 31 TELEVISION, INC.  
22720 S.E. 410<sup>th</sup> Street  
Enumclaw, Washington 98022

Re: Request for Waiver of FY 2001 Reg. Fee  
Fee Control No. 0109278835764003

00000 R R 06 . 03 -078

Dear Mr. Parker:

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Sincerely,

Mark A. Reger  
Chief Financial Officer

herce you  
request a waiver  
of FY 2001  
regulatory fees is  
granted

**Tom Putnam**

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**From:** Tom Putnam  
**Sent:** Monday, May 12, 2003 3:43 PM  
**To:** Elizabeth Lyle  
**Subject:** Please review 'regfeewaiverdesert31two'

**Follow Up Flag:** Review

**Flag Status:** Flagged

Please review the attached document.

I inserted text saying "granted" & updated the fee control number

Tom Putnam

418-2992

\*\*\* Non-Public For Internal Use Only \*\*\*

## Tom Putnam

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**From:** Tom Putnam  
**Sent:** Monday, May 12, 2003 3:39 PM  
**To:** Elizabeth Lyle  
**Subject:** RE: desert 31 fee letter

Got it .. Can we add text that states that the request for waiver is "granted"?

Tom Putnam  
418-2992  
\*\*\* Non-Public: For Internal Use Only \*\*\*

-----Original Message-----

**From:** Elizabeth Lyle  
**Sent:** Wednesday, May 07, 2003 6:17 AM  
**To:** Tom Putnam  
**Subject:** Fwd: desert 31 fee letter

Actually I think this letter is in response to a letter that was sent to us from desert 31 after they received our jan. 18 letter.

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Attorney Work Product of Elizabeth Lyle

-----Original Message-----

**Date:** 05/06/2003 03:22 pm -0400 (Tuesday)  
**From:** Elizabeth Lyle  
**To:** Tom Putnam  
**CC:** Rhonda Hill  
**Subject:** desert 31 fee letter

per your request.

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Attorney Work Product of Elizabeth Lyle

00000R206-03-078

ASSOC. MNG. DIR.  
FEDERAL COMMUNICATIONS

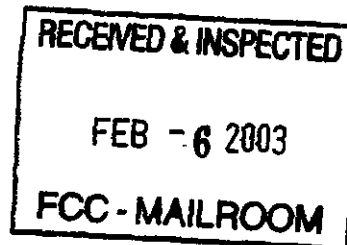
Jan 28 12 29 PM '03  
**DESERT 31 TELEVISION, INC.**  
(A CORPORATION IN DISSOLUTION)

22720 S.E. 410<sup>TH</sup> STREET  
ENUMCLAW, WASHINGTON 98022

PHONE: (360) 825-1099

FAX: (360) 825-4517

E-MAIL: kmp@tx3.com



Mark Reger  
Chief Financial Officer  
Federal Communications Commission  
Washington, D.C. 20554

January 28, 2003  
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② Patti  
③ 300 Hilder  
Feb 7 4 44 PM '03

ASSOC. MNG. DIR.  
FEDERAL COMMUNICATIONS

Re: *Desert 31 Television, Inc.,  
Regulatory Fee Waiver*

Dear Mr. Reger:

On February 7, 2002, I sent you a request for waiver of regulatory fee and reimbursement for commercial television station KVMD, Twentynine Palms, California. One letter sought waiver of Fiscal Year 2001 fees. On January 6, 2003, you responded to me, noting that although I had included substantial information about the state of KVMD and its location, I had not shown you information specifically about the financial condition of Desert 31 Television, Inc., as of the end of Fiscal Year 2001, that is, as of September 30, 2001.

I have requested that my accounting firm prepare that information, and the firm has provided me with the attached financial statements. The statements show that as of September 30, 2001, the company — which had no business other than that of operating KVMD — has a retained deficit of \$523,616, all of which had come from my cash contributions. For the fiscal year, KVMD again had no revenues (just as in fiscal year 2000), and had operating expenses of \$234,786. During the fiscal year, none of the expense went to reimburse my expenses or pay any salary to me. Throughout the entire period, I was the sole shareholder, officer and director of Desert 31.

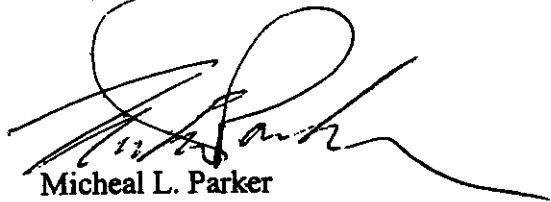
The attached financial statements amply demonstrate that notwithstanding the accident of geography and economics that placed KVMD in the Los Angeles television market, it operated as a completely nonprofit, very small-town television station. The operating results in Fiscal Year 2001 were no different than those in Fiscal 2000 or before that, before the license was granted. I believe that these financial statements show convincingly that a waiver of the regulatory fee is appropriate.

Mark A. Reger  
Chief Financial Officer  
Federal Communications Commission  
January 28, 2003  
Page 2

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In the event that I can provide any further information, please let me know.

Very truly yours,



Micheal L. Parker  
President

Attachment

ASAC, PWC, JR.  
FEB 7 4 44 PM '03